

<i>SERFF Tracking Number:</i>	<i>PERR-125832055</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>StarNet Insurance Company</i>	<i>State Tracking Number:</i>	<i>#? \$50</i>
<i>Company Tracking Number:</i>	<i>AR-MPP-CP-FM-2008-01</i>		
<i>TOI:</i>	<i>01.0 Property</i>	<i>Sub-TOI:</i>	<i>01.0001 Commercial Property (Fire and Allied Lines)</i>
<i>Product Name:</i>	<i>Mortgageholder's Protection Policy</i>		
<i>Project Name/Number:</i>	<i>AR-MPP-CP-FM-2008-01 /AR-MPP-CP-FM-2008-01</i>		

Filing at a Glance

Company: StarNet Insurance Company		
Product Name: Mortgageholder's Protection Policy	SERFF Tr Num: PERR-125832055 State: Arkansas	
TOI: 01.0 Property	SERFF Status: Closed	State Tr Num: #? \$50
Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)	Co Tr Num: AR-MPP-CP-FM-2008-01	State Status: Fees verified
Filing Type: Form	Co Status:	Reviewer(s): Betty Montesi, Llyweyia Rawlins
	Author: Lance Julian	Disposition Date: 12/03/2008
	Date Submitted: 12/01/2008	Disposition Status: Approved
Effective Date Requested (New): 01/01/2009		Effective Date (New): 12/03/2008
Effective Date Requested (Renewal): 01/01/2009		Effective Date (Renewal): 12/03/2008
State Filing Description:		

General Information

Project Name: AR-MPP-CP-FM-2008-01	Status of Filing in Domicile: Pending
Project Number: AR-MPP-CP-FM-2008-01	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 12/03/2008	
State Status Changed: 12/03/2008	Deemer Date:
Corresponding Filing Tracking Number: N/A	
Filing Description:	
On behalf of StarNet Insurance Company ("The Company"), we are filing to introduce the Mortgageholder's Protection Policy Program. The Mortgageholder's Protection Policy provides coverage for mortgage owners, originators and servicers. The standard coverages are Mortgageholder's Interest, Foreclosed Property and Mortgageholder's Liability. The corresponding rates and rules are exempt per Statute 23-67-206. Please see the Memo for complete details.	

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<i>Company Tracking Number:</i>	<i>AR-MPP-CP-FM-2008-01</i>		
<i>TOI:</i>	<i>01.0 Property</i>	<i>Sub-TOI:</i>	<i>01.0001 Commercial Property (Fire and Allied Lines)</i>
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We respectfully request the filing to be effective on January 1, 2009 or the earliest possible effective date upon approval/acknowledgement.

Enclosed is authorization for Perr&Knight to submit this filing on behalf of the Company. All correspondence related to this filing should be directed to Perr&Knight. The Company has prepared the forms contained in this filing along with the filing memorandum. If there are any requests for additional information related to items prepared by the Company, we will forward the request immediately to the Company contact. The Company response will be submitted to your attention as soon as we receive it.

Please contact me directly if you have any questions regarding this submission. Thank you.

Company and Contact

Filing Contact Information

(This filing was made by a third party - perrandknightactuaryconsultants)

Lance Julian, State Filings Project Coordinator doi@perrknight.com
 881 Alma Real Drive ste 205 (888) 201-5123 [Phone]
 Pacific Palisades, CA 90272 (310) 230-8529[FAX]

Filing Company Information

StarNet Insurance Company	CoCode: 40045	State of Domicile: Delaware
Berkley Underwriting Partners 215 Shuman Blvd.	Group Code: 98	Company Type: Property and Casualty
Suite 200		
Naperville, IL 60563	Group Name:	State ID Number:
(630) 210-0359 ext. [Phone]	FEIN Number: 22-3590451	

Filing Fees

Fee Required?	Yes
Fee Amount:	\$50.00
Retaliatory?	No

<i>SERFF Tracking Number:</i>	<i>PERR-125832055</i>	<i>State:</i>	<i>Arkansas</i>
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<i>TOI:</i>	<i>01.0 Property</i>	<i>Sub-TOI:</i>	<i>01.0001 Commercial Property (Fire and Allied Lines)</i>
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<i>Project Name/Number:</i>	<i>AR-MPP-CP-FM-2008-01 /AR-MPP-CP-FM-2008-01</i>		
Fee Explanation:	\$50 per form filing		
Per Company:	No		

SERFF Tracking Number: *PERR-125832055* *State:* *Arkansas*
Filing Company: *StarNet Insurance Company* *State Tracking Number:* *#? \$50*
Company Tracking Number: *AR-MPP-CP-FM-2008-01*
TOI: *01.0 Property* *Sub-TOI:* *01.0001 Commercial Property (Fire and Allied Lines)*

Product Name: *Mortgageholder's Protection Policy*
Project Name/Number: *AR-MPP-CP-FM-2008-01 /AR-MPP-CP-FM-2008-01*

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
StarNet Insurance Company	\$0.00	12/01/2008	

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
104279	\$50.00	11/18/2008

<i>SERFF Tracking Number:</i>	<i>PERR-125832055</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>StarNet Insurance Company</i>	<i>State Tracking Number:</i>	<i>#? \$50</i>
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<i>Project Name/Number:</i>	<i>AR-MPP-CP-FM-2008-01 /AR-MPP-CP-FM-2008-01</i>		

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	12/03/2008	12/03/2008

<i>SERFF Tracking Number:</i>	<i>PERR-125832055</i>	<i>State:</i>	<i>Arkansas</i>
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<i>Company Tracking Number:</i>	<i>AR-MPP-CP-FM-2008-01</i>		
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<i>Project Name/Number:</i>	<i>AR-MPP-CP-FM-2008-01 /AR-MPP-CP-FM-2008-01</i>		

Disposition

Disposition Date: 12/03/2008

Effective Date (New): 12/03/2008

Effective Date (Renewal): 12/03/2008

Status: Approved

Comment: Send filing fee payment check ASAP.

This filing is approved contingent on receiving the filing fees the company indicates in the filing that they have sent.

Rate data does NOT apply to filing.

SERFF Tracking Number: PERR-125832055 State: Arkansas

Filing Company: StarNet Insurance Company State Tracking Number: #? \$50

Company Tracking Number: AR-MPP-CP-FM-2008-01

TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)

Product Name: Mortgageholder's Protection Policy

Project Name/Number: AR-MPP-CP-FM-2008-01 /AR-MPP-CP-FM-2008-01

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Filing Memo & Letter of Authority	Approved	Yes
Form	MORTGAGEHOLDER'S PROTECTION POLICY – TABLE OF CONTENTS	Approved	Yes
Form	MORTGAGEHOLDER'S PROTECTION POLICY DECLARATIONS	Approved	Yes
Form	MORTGAGEHOLDER'S PROTECTION POLICY	Approved	Yes
Form	ENDORSEMENT – BALANCE OF PERILS COVERAGE	Approved	Yes
Form	ENDORSEMENT – GOVERNMENT CONFISCATION	Approved	Yes
Form	ENDORSEMENT – SECURED BUSINESS PROPERTY	Approved	Yes
Form	ENDORSEMENT – REAL PROPERTY HELD IN TRUST	Approved	Yes
Form	ENDORSEMENT – MORTGAGE LIFE AND DISABILITY	Approved	Yes
Form	ENDORSEMENT – RETROACTIVE MORTGAGEHOLDER'S LIABILITY	Approved	Yes
Form	ENDORSEMENT – DOCUMENT CUSTODIAN	Approved	Yes
Form	ENDORSEMENT – TITLE INSURANCE ERRORS AND OMISSIONS	Approved	Yes
Form	ENDORSEMENT – SECURITY INTEREST ERRORS AND OMISSIONS	Approved	Yes
Form	ENDORSEMENT – FEDERAL HOME LOAN MORTGAGE CORPORATION (FREDDIE MAC)	Approved	Yes
Form	ENDORSEMENT – FEDERAL NATIONAL MORTGAGE ASSOCIATION (FANNIE MAE)	Approved	Yes
Form	ENDORSEMENT – GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GINNIE MAE)	Approved	Yes

SERFF Tracking Number: PERR-125832055 State: Arkansas

Filing Company: StarNet Insurance Company State Tracking Number: #? \$50

Company Tracking Number: AR-MPP-CP-FM-2008-01

TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)

Product Name: Mortgageholder's Protection Policy

Project Name/Number: AR-MPP-CP-FM-2008-01 /AR-MPP-CP-FM-2008-01

Form	ENDORSEMENT – CONDOMINIUMS	Approved	Yes
Form	ENDORSEMENT – MANUFACTURED HOUSES	Approved	Yes
Form	ENDORSEMENT – EXCLUDING CERTIFIED ACTS OF TERRORISM	Approved	Yes
Form	ENDORSEMENT – CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM	Approved	Yes
Form	ENDORSEMENT – BALANCE OF PERILS COVERAGE EXCLUSION CALIFORNIA EARTH MOVEMENT	Approved	Yes
Form	ENDORSEMENT – COVERAGE A-2	Approved	Yes
Form	ENDORSEMENT – ARKANSAS AMENDATORY	Approved	Yes

SERFF Tracking Number: PERR-125832055 State: Arkansas

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Project Name/Number: AR-MPP-CP-FM-2008-01 /AR-MPP-CP-FM-2008-01

Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	MORTGAGEHOLDER'S PROTECTION POLICY – TABLE OF CONTENTS	MPP TC 70 00 SIC 05 08	05/08	Policy/Coverage New Form		0.00	MPP TC 70 00.pdf
Approved	MORTGAGEHOLDER'S PROTECTION POLICY DECLARATIONS	MPP DS 70 00 SIC 05 08	05/08	Policy/Coverage New Form		0.00	MPP DS 70 00.pdf
Approved	MORTGAGEHOLDER'S PROTECTION POLICY	MPP 70 00 SIC 05 08	05/08	Policy/Coverage New Form		0.00	MPP 70 00.pdf
Approved	ENDORSEMENT – BALANCE OF PERILS COVERAGE	MPP 75 01 SIC 05 08	05/08	Endorsement/New Amendment/Conditions		0.00	MPP 75 01.pdf
Approved	ENDORSEMENT – GOVERNMENT CONFISCATION	MPP 75 02 SIC 05 08	05/08	Endorsement/New Amendment/Conditions		0.00	MPP 75 02.pdf
Approved	ENDORSEMENT – SECURED BUSINESS PROPERTY	MPP 75 03 SIC 05 08	05/08	Endorsement/New Amendment/Conditions		0.00	MPP 75 03.pdf
Approved	ENDORSEMENT – REAL PROPERTY HELD IN TRUST	MPP 75 04 SIC 05 08	05/08	Endorsement/New Amendment/Conditions		0.00	MPP 75 04.pdf
Approved	ENDORSEMENT – MORTGAGE	MPP 75 05 05 08	05/08	Endorsement/New Amendment		0.00	MPP 75 05.pdf

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Filing Company: StarNet Insurance Company State Tracking Number: #? \$50
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Product Name: Mortgageholder's Protection Policy
Project Name/Number: AR-MPP-CP-FM-2008-01 /AR-MPP-CP-FM-2008-01

	LIFE AND DISABILITY		ent/Condi tions		
Approved	ENDORSEMENT MPP 75 05/08 – 06 SIC 05 RETROACTIVE 08 MORTGAGEHOL DER'S LIABILITY		Endorseme New nt/Amendm ent/Condi tions	0.00	MPP 75 06.pdf
Approved	ENDORSEMENT MPP 75 05/08 – DOCUMENT 07 SIC 05 CUSTODIAN 08		Endorseme New nt/Amendm ent/Condi tions	0.00	MPP 75 07.pdf
Approved	ENDORSEMENT MPP 75 05/08 – TITLE 08 SIC 05 INSURANCE 08 ERRORS AND OMISSIONS		Endorseme New nt/Amendm ent/Condi tions	0.00	MPP 75 08.pdf
Approved	ENDORSEMENT MPP 75 05/08 – SECURITY 09 SIC 05 INTEREST 08 ERRORS AND OMISSIONS		Endorseme New nt/Amendm ent/Condi tions	0.00	MPP 75 09.pdf
Approved	ENDORSEMENT MPP 75 05/08 – FEDERAL 10 SIC 05 HOME LOAN 08 MORTGAGE CORPORATION (FREDDIE MAC)		Endorseme New nt/Amendm ent/Condi tions	0.00	MPP 75 10.pdf
Approved	ENDORSEMENT MPP 75 05/08 – FEDERAL 11 SIC 05 NATIONAL 08 MORTGAGE ASSOCIATION (FANNIE MAE)		Endorseme New nt/Amendm ent/Condi tions	0.00	MPP 75 11.pdf
Approved	ENDORSEMENT MPP 75 05/08 – 12 SIC 05 GOVERNMENT 08 NATIONAL		Endorseme New nt/Amendm ent/Condi tions	0.00	MPP 75 12.pdf

SERFF Tracking Number: PERR-125832055 State: Arkansas
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Product Name: Mortgageholder's Protection Policy
Project Name/Number: AR-MPP-CP-FM-2008-01 /AR-MPP-CP-FM-2008-01

MORTGAGE
ASSOCIATION
(GINNIE MAE)

Approved	ENDORSEMENT MPP 75	05/08	Endorseme New	0.00	MPP 75
	– 13 SIC 05		nt/Amendm		13.pdf
	CONDOMINIUM 08		ent/Condi		
	S		ons		
Approved	ENDORSEMENT MPP 75	05/08	Endorseme New	0.00	MPP 75
	– 14 SIC 05		nt/Amendm		14.pdf
	MANUFACTURE 08		ent/Condi		
	D HOUSES		ons		
Approved	ENDORSEMENT MPP 75	05/08	Endorseme New	0.00	MPP 75
	– EXCLUDING 15 SIC 05		nt/Amendm		15.pdf
	CERTIFIED 08		ent/Condi		
	ACTS OF		ons		
	TERRORISM				
Approved	ENDORSEMENT MPP 75	05/08	Endorseme New	0.00	MPP 75
	– CAP ON 16 SIC 05		nt/Amendm		16.pdf
	LOSSES FROM 08		ent/Condi		
	CERTIFIED		ons		
	ACTS OF				
	TERRORISM				
Approved	ENDORSEMENT MPP 75	05/08	Endorseme New	0.00	MPP 75
	– BALANCE OF 17 SIC 05		nt/Amendm		17.pdf
	PERILS 08		ent/Condi		
	COVERAGE		ons		
	EXCLUSION				
	CALIFORNIA				
	EARTH				
	MOVEMENT				
Approved	ENDORSEMENT MPP 75	05/08	Endorseme New	0.00	MPP 75
	– COVERAGE 18 SIC 05		nt/Amendm		18.pdf
	A-2 08		ent/Condi		
			ons		
Approved	ENDORSEMENT MPP 75	05/08	Endorseme New		ARK.pdf
	– ARKANSAS 00 AR SIC		nt/Amendm		
	AMENDATORY 05 08		ent/Condi		

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ONS

MORTGAGEHOLDER'S PROTECTION POLICY – TABLE OF CONTENTS

This Table of Contents is intended only as a guide to assist you in reference to the various insurance provisions of the Mortgageholder's Protection Policy in their order of appearance. Please refer to the Declarations and the Policy for complete coverage details.

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PRODUCER:

A Berkley Company

Home Office: Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801

Main Administrative Office: 1122 Kenilworth Drive – Suite 107, Towson, MD 21204 Telephone: 866-539-3995

MORTGAGEHOLDER'S PROTECTION POLICY DECLARATIONS

Policy Number:

MPP

Renewal of Policy Number:

Named Insured and Mailing Address:

- ☐ Individual ☐ Partnership ☐ Corporation ☐ Joint Venture ☐ Limited Liability Company
☐ Trust

SIC Code and Description:

Policy Period: From

to

12:01 a.m. Standard Time at the address of the Insured stated above

Coverage A. Mortgageholder's Interest:

	Limits of Insurance		Deductible	
Residential Mortgages	\$	Per Mortgage	\$	Per Mortgage
Commercial Mortgages	\$	Per Mortgage	\$	Per Mortgage
Balance of Perils	\$	Per Occurrence	\$	Per Occurrence
	\$	Annual Aggregate	\$	Annual Aggregate
Manufactured Homes	\$	Per Loan	\$	Per Loan
Government Confiscation	\$	Per Mortgage	\$	Per Mortgage
Security Interest	\$	Per Mortgage	\$	Per Mortgage
Secured Business Property		Per Loan		Per Loan

Coverage B. Foreclosed Property:

	Limits of Insurance		Deductible	
Residential Mortgages	\$	Per Property	\$	Per Property
Commercial Mortgages	\$	Per Property	\$	Per Property

Coverage A and Coverage B:

Maximum Limit of Insurance Per Occurrence	\$	Per Occurrence
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Coverage C. Mortgageholder's Liability:

	Limits of Insurance		Deductible	
Coverage (1) Failure to Maintain Property Insurance .	\$	Per Occurrence	\$	Per Occurrence
Coverage (2) Failure to Maintain Other Insurance.	\$	Per Occurrence	\$	Per Occurrence
Coverage (3) Failure to Pay Real Estate Taxes	\$	Per Occurrence	\$	Per Occurrence

Document Custodian Coverage	\$	Per Occurrence	\$	Per Occurrence
Mortgage Life and Disability	\$	Per Occurrence	\$	Per Occurrence
Title Insurance Errors and Accidental Omissions	\$	Per Occurrence	\$	Per Occurrence
Real Property Held in Trust	\$	Per Occurrence	\$	Per Occurrence

Coverage C:

Maximum Limit of Insurance Per Occurrence	\$	Per Occurrence
Maximum Limit of Insurance For All Losses	\$	Policy Annual Aggregate

Policy Premium \$ _____

Coverage Forms and Endorsements:

MPP 70 00 SIC 05 08	Mortgageholder's Protection Policy
MPP 75 01 SIC 05 08	Endorsement – Balance of Perils Coverage
MPP 75 02 SIC 05 08	Endorsement – Government Confiscation
MPP 75 03 SIC 05 08	Endorsement – Secured Business Property
MPP 75 04 SIC 05 08	Endorsement – Real Property Held in Trust
MPP 75 05 SIC 05 08	Endorsement – Mortgage Life and Disability
MPP 75 06 SIC 05 08	Endorsement – Retroactive Mortgageholder's Liability
MPP 75 07 SIC 05 08	Endorsement – Document Custodian
MPP 75 08 SIC 05 08	Endorsement – Title Insurance Errors and Omissions
MPP 75 09 SIC 05 08	Endorsement – Security Interest Errors and Omissions
MPP 75 10 SIC 05 08	Endorsement – Federal Home Loan Mortgage Corporation (Freddie Mac)
MPP 75 11 SIC 05 08	Endorsement – Federal National Mortgage Association (Fannie Mae)
MPP 75 12 SIC 05 08	Endorsement – Government National Mortgage Association (Ginnie Mae)
MPP 75 13 SIC 05 08	Endorsement – Condominiums
MPP 75 14 SIC 05 08	Endorsement – Manufactured Houses
MPP 75 15 SIC 05 08	Endorsement – Excluding Certified Acts of Terrorism
MPP 75 16 SIC 05 08	Endorsement – Cap on Losses From Certified Acts of Terrorism
MPP 75 17 SIC 05 08	Endorsement – Balance of Perils Coverage Exclusion California Earth Movement
MPP 75 18 SIC 05 08	Endorsement – Coverage A-2
MPP TC 70 00 SIC 05 08	Mortgageholder's Protection Policy – Table of Contents

Fannie Mae address:

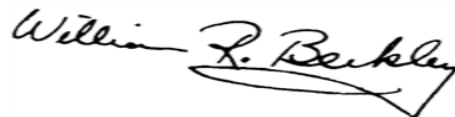
Freddie Mac address:

Ginnie Mae address:

IN WITNESS WHEREOF, StarNet Insurance Company designated herein has executed and attested these presents.



Secretary



President

MORTGAGEHOLDER'S PROTECTION POLICY

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties, and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us", and "our" refer to the Company providing this insurance. The word "insured" or "insureds" refer to the person(s) or organization(s) specified in Section III – Who is an Insured. Words and phrases that appear in bold face and in quotation marks have special meaning. Refer to Section V – Definitions.

SECTION I – COVERAGES:

A. Coverage A – Mortgageholder's Interest:

1. Coverage A-1 – Loss of "Mortgageholder's Interest" Due to Lack of "Required Insurance":

- a. **Insuring Agreement** – Subject to all of the terms, conditions, and limitations of this policy we insure you against loss to your **"mortgageholder's interest"** resulting from an **"uninsured"** physical loss of or damage to **"mortgaged property"** caused directly by a Covered Cause of Loss, which occurs during the policy period shown in the Declarations and the mortgage is in default. The amount we will pay is limited as shown in Section II – Limits of Insurance, however will not pay more than the lesser of:
 - (1) The amount of physical loss of or damage to the **"mortgaged property"** determined in accordance with the insurance policies that would have covered the loss of or damage if the **"mortgaged property"** had not been **"uninsured"**;
 - (2) The maximum limit of insurance available through the National Flood Insurance Program for the specific type of **"mortgaged property"** (either Residential or Commercial) if the loss or damage is caused by flood;
 - (3) The amount of loss to your **"mortgageholder's interest"**; or
 - (4) The applicable limit of insurance shown in the Declarations for **"commercial mortgage"** or **"residential mortgage"**.
- b. **Covered Causes of Loss** – Covered Causes of Loss are those causes of loss which would have been covered by the **"required insurance"**.
- c. **Coverage Extension – Mortgages Serviced for Others** – We will cover loss arising from **"mortgages"** owned by others and serviced by you under a written contract as if you owned the **"mortgageholder's interest"** in them. We will make loss payment payable jointly to you and the **"mortgage"** owner.
- d. **Coverage A-1 – Exclusions** – We do not insure you against loss to your **"mortgageholder's interest"** caused by or resulting from loss of or damage to **"mortgaged property"** resulting from or caused, directly or indirectly, proximately or remotely, by any of the following. Such loss or damage is not covered regardless of any other cause or event that contributes concurrently or in any sequence to the loss:
 - (1) **Earth Movement** – Earth movement other than **"sinkhole collapse"** or **"mine subsidence"**. Earth movement includes earthquake, volcanic eruption, landslide, mudflow, subsidence, and earth sinking, rising, or shifting. However, if fire or explosion ensues, we will be liable only for the ensuing loss or damage directly caused by the fire or explosion.
 - (2) Insects, vermin, rodents, birds, or other animals, including but not limited to damage from nesting or infestation, or discharge or release of waste products or secretions produced or released by any of these. However, if fire or explosion ensues, we will be liable only for the ensuing loss or damage directly caused by the fire or explosion.
 - (3) Error in design, plans or specifications, faulty or defective workmanship or materials, latent or patent defect. However, if loss from:
 - (a) Fire;
 - (b) Explosion;

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- (c) Sprinkler leakage, other than sprinkler leakage caused by an earthquake;
- (d) Falling objects;
- (e) Weight of snow, sleet, or ice; or
- (f) Accidental discharge of water not otherwise excluded from a plumbing, heating, or air-conditioning system, which has cracked or broken apart ensues,

then we will pay for the ensuing loss. We will not however, pay for the cost to correct the condition which causes such ensuing loss.

- (4) **Mechanical Breakdown** – Mechanical breakdown, including rupture or bursting caused by centrifugal or centripetal force.
- (5) **Water** – Water that backs up or overflows from a sewer, drain, or sump, except as caused by a flood covered by the National Flood Insurance Program where flood insurance is “**required insurance**”; or underground water including water which presses on, flows, or seeps through foundations, walls, floors, paved surfaces or into unpaved basements except as caused by a flood covered by the National Flood Insurance Program where flood insurance is “**required insurance**”. However, if fire or explosion ensues, we will be liable only for the ensuing loss or damage directly caused by the fire or explosion.
- (6) **Pollution** – Pollution caused by or resulting from the presence of or the release, discharge, escape, dispersal, seepage, or migration of “**pollutants**” unless the presence, release, discharge, escape, dispersal, seepage, or migration is caused by or results from fire; lightning; explosion; windstorm; hail; aircraft; vehicles; riot or civil commotion; vandalism or malicious mischief; sprinkler leakage; falling objects; or weight of snow, sleet, or ice.
- (7) **Artificially Generated Electrical Current** – Artificially generated electrical current, including electrical arcing, which disturbs electrical devices, appliances, or wires.
- (8) Dampness or dryness of atmosphere.
- (9) Change in or extremes of temperature.
- (10) Marring or scratching.
- (11) **War** – War and Military Action, which includes:
 - (a) War, including undeclared or civil war;
 - (b) Warlike action by a military force, including action in hindering or defending against an actual or expected attack by any government, sovereign, or other authority using military personnel or other agents; or
 - (c) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
- (12) **Nuclear** – Nuclear reaction or radiation or radioactive contamination, however caused. However, if fire ensues, we will pay only for the ensuing loss or damage directly caused by fire.
- (13) **Dishonesty** – Dishonest or criminal acts by you, any of your partners, members, officers, managers, employees, directors, trustees, or authorized representatives acting alone or in collusion with others whether or not occurring during the hours of employment.
- (14) **Governmental Action** – Government action, meaning seizure or destruction or property by order of governmental authority. However, we will pay for loss or damage resulting from or caused by acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered by this policy.

In addition, we do not insure you against any of the following losses caused by or contributed to by any of the following:

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- (1) Wear and tear, deterioration, decay, rust, **"organic pathogens"**, wet or dry rot. However, if fire, explosion, or damage from water, not otherwise excluded ensues, we will be liable only for the ensuing loss or damage directly caused by the fire, explosion, or water not otherwise excluded.
- (2) Settling, cracking, shrinking, bulging, or expanding of **"mortgaged property"**. However if fire, explosion, or breakage of glass constituting an integral part of the structure ensues, we will be pay only the ensuing direct loss or damage from the fire, explosion, or breakage of such glass.

e. **Coverage A-1 Conditions** – The following conditions apply in addition to the Common Policy Conditions:

(1) **"Mortgage" Requirements** – You agree to require all of the following conditions in the **"mortgage"**:

- (a) The mortgagor obtains and maintains physical damage insurance on the **"mortgaged property"** for the duration of the **"mortgage"**.
 - (b) If the **"mortgaged property"** is located in a Special Flood Hazard Area, the mortgagor obtains and maintains flood insurance in such amounts as are required to be insured by the Flood Disaster Protection Act of 1973, and all additions or revisions thereto.
 - (c) The limit of the **"required"** insurance for the **"mortgaged property"** shall at least be equal to the lesser of:
 - i. The outstanding balance of the **"mortgage"**; or
 - ii. The replacement cost of the real property identified in the **"mortgage"**.
 - (d) The insurance covering the **"mortgaged property"** must contain a mortgagee clause or endorsement naming you as the mortgagee.
- (2) You or your legal representatives agree to confirm prior to releasing or disbursing funds on the **"mortgage"** that the **"required insurance"** is in place. You will keep a record of the policy number, the name of the insurance company, the amount of insurance, and the producer of the insurance.
- (3) You will not represent or imply to any person the insurance required by the **"mortgage"** is unnecessary or need not be maintained.
- (4) You will upon receipt of any information that the insurance required by the **"mortgage"** agreement will, for any cause, terminate, you will procure, within 90 days, insurance coverage for you for at least the minimum requirements of the mortgage so as to prevent lapse in protection required by the mortgage on the covered property.

2. Coverage A-2 – Loss of Mortgageholder's Interest Due to Lack of Mortgage Insurance:

a. **Insuring Agreement – Coverage A-2** - Subject to the terms, conditions, and limitations of this policy, we insure you against loss to your **"mortgageholder's interest"** due to an error or omission in your customary procedures, which occur during the policy period shown in the Declarations and arising out of:

- (1) Maintaining FHA insurance, private **"mortgage"** insurance, or guarantees by the Department of Veterans Affairs (VA), the Rural Housing Service (RHS), or Office of Public and the Indian Housing (PIH) on mortgaged properties; and
- (2) Complying with the reporting requirements of the **"mortgage"** insurer or guarantor.

The amount we will pay is limited as shown in the Section II – Limits of Insurance however, subject to all of the other terms and conditions of this policy we will not pay more than the least of:

- (1) The amount you would have received from the **"mortgage"** insurance or **"mortgage"** guaranty if there was no error or omission;
- (2) The amount of loss to your **"mortgageholder's interest"**; or

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- (3) The applicable limit of insurance shown in the Declarations for **"commercial mortgage"** or **"residential mortgage"**.

b. Coverage Extension – Mortgages Serviced for Others – We will cover loss arising from **"mortgages"** owned by others and serviced by you under a written contract as if you had owned the **"mortgageholder's interest"** in them. We will make loss payment payable jointly to you and the **"mortgage"** owner.

- 3. Provisions Applicable to all Mortgageholder's Interest Coverage** – No **"claim"**, **"suit"**, demand for arbitration or other action on this policy for the recovery of any claim shall be sustainable in any court or other forum unless all of the requirements of this policy have been complied with and commenced within twelve (12) months after the inception of the loss.

- a. Deductible** – This deductible provision is applicable to Coverages A-1 and A-2 and any additional coverage added by endorsement to Coverage A **"mortgageholder's interest"**, unless the endorsed coverage includes a different deductible provision.

Subject to the applicable limit of insurance, we will pay no more than the amount by which any loss exceeds the applicable deductible amount shown in the Declarations. This deductible amount applies to each **"mortgaged property"** for each separately occurring loss. If more than one deductible would apply to a single loss, the highest deductible amount will be applied.

- b. Abandonment** – There can be no abandonment of any property to us.

- c. Appraisal** – If you and we fail to agree on the amount of loss, either party may make a written demand on the other for an appraisal of the loss. Upon receipt of such a demand, each party has twenty (20) days to choose a competent disinterested appraiser. If the two (2) appraisers fail to agree upon the amount of the loss the two (2) appraisers will choose an umpire. If they cannot agree upon an umpire within fifteen (15) days, either of the parties may request that an umpire be chosen by a judge of a court of record in the state where the **"mortgaged property"** is located. The appraisers will separately determine the amount of loss. The appraisers will submit a written report to the umpire of the amount of loss. A decision agreed to by any two will constitute the amount of the loss. Each party will:

(1) Pay its chosen appraiser; and

(2) Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we still retain our right to dispute coverage. Further, all of the terms, conditions, and limitations of the policy will still apply to your loss.

- d. Mandatory Binding Arbitration** – In case you and we fail to agree on the meaning or effect of any provision of this policy, the disagreement will be resolved by binding arbitration in accordance with the statutory rules and procedures of the state in which the **"mortgaged property"** is located. Should arbitration under the terms of this clause result in any of the following, we will reimburse you for expenses actually incurred by you with respect to the arbitration, including reasonable attorney's fees, in a sum to be determined by the arbitrator(s):

(1) A finding of coverage for claimed loss or damage for which coverage is denied by us;

(2) A finding that you are entitled to a loss payment in accordance with the express terms of this policy and exclusive of costs or attorney's fees in an amount that exceeds the amount of any offer made by us in writing to settle your claim at any time up to thirty (30) days prior to the commencement of the arbitration.

The provisions of this clause are mandatory and may be enforced by either you or us.

- e. Optional Claim Resolution** – At your option, if we fail to agree with you on the meaning or effect of any provision of this policy or on the amount payable in accordance with the express terms of this policy, you may have both the amount of the loss and any coverage issues decided at the same time through binding arbitration in place of an appraisal. If you elect to have your loss resolved through binding arbitration, you get the benefits of the Mandatory Binding Arbitration provision, as explained in paragraph d., above, including possible reimbursement of your actually incurred expenses. All of the terms, conditions, and provisions of the Mandatory Binding Arbitration provision apply to this Optional Claim Resolution provision.

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f. Duties in the Event of Loss:

- (1) You must enforce the terms of the **"mortgage"** and use all customary methods to pursue collection of the outstanding **"mortgage"** balance, other than foreclosure or sale of the **"mortgaged property"**, as if you had no insurance under this policy.
- (2) You must at your expense:
 - (a) Notify the policy or other applicable law enforcement agency if a law has been broken;
 - (b) Give us prompt notice of the loss or damage once you are aware of it. Include a description of the property involved;
 - (c) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records;
 - (d) Send to us a signed, Sworn Proof of Loss containing the information we request to investigate the claim. You must do this within ninety (90) days after our request. We will supply you with the necessary forms;
 - (e) Cooperate with us in the investigation or settlement of the claim; and
 - (f) Do all things and produce all documents, including but not limited to the **"mortgage"**, loan document file, accounting documents, and collection efforts reasonably required to establish values, loss, damage, and coverage for the loss.
- (3) You must at our expense submit and subscribe to examinations under oath by any person named by us.

g. When Loss is Payable – Subject to the terms, conditions, and limitations of this policy, the amount for which we are liable for covered loss of or damage to **"mortgaged property"** will be payable within thirty (30) days after:

- (1) We receive the Sworn Proof of Loss;
- (2) The mortgagor does not pay the **"mortgage"** payment on the due date and is in default;
- (3) The amount of loss is determined by agreement with you, appraisal, or the optional claim resolution provision; and
- (4) Coverage for your loss is determined by agreement with you, mandatory arbitration, or the optional claim resolution provision.

B. Coverage B – Foreclosed Property:

- 1. Insuring Agreement** – Subject to the terms, conditions, and limitations of this policy, we insure you against financial loss due to physical loss of or damage to **"foreclosed property"**, to which no other insurance applies, directly caused by any Covered Cause of Loss occurring during the policy period shown in the declarations.
 - a. Coverage Period** – Coverage for **"foreclosed property"** begins on the day you acquire **"foreclosed property"** and coverage ends at the earliest of:
 - (1) Ninety (90) days after you become owner of the **"foreclosed property"**;
 - (2) The effective date of other insurance on the **"foreclosed property"**; or
 - (3) The expiration date of this policy.
 - b. Basis of Loss Payment** – Subject to the provisions contained in Section II – Limit of Insurance, the limit shown in the Declarations for **"commercial mortgage"** or **"residential mortgage"** and all other

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terms and conditions of this policy, the amount we will pay under Coverage B – Foreclosed Property is calculated as follows:

(1) In the event of loss or damage to **“uninsured foreclosed property”**, we will:

- (a) Pay the value of lost or damaged property. The value will be determined as the actual cash value of the property at the time and place of the loss or damage, with due consideration for depreciation from all sources, however caused;
- (b) You may make a claim for the value to be determined on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.
 - 1. We will not pay on a replacement cost basis for any loss or damage:
 - a. Until the lost or damaged property is actually repaired or replaced;
 - b. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage; and
 - c. Unless the property is replaced or rebuilt at the same location that the damage occurred.

(2) We will not pay you more than your financial interest in the **“foreclosed property”**.

2. Covered Causes of Loss:

- a. Fire;
- b. Lightning;
- c. Explosion, including the explosion of gasses or fuel within the furnace of any fire vessel or within the flues or passages through which the gasses of combustion pass. This cause of loss does not include loss or damage caused by:
 - (1) Rupture, bursting, or operation of pressure relief devices; or
 - (2) Rupture or bursting due to expansion or swelling of the contents of any structure resulting from or caused by water.
- d. Windstorm or Hail. However, this cause of loss does not include any of the following:
 - (1) Frost or cold weather;
 - (2) Ice, other than hail, snow or sleet, whether driven by wind or not; or
 - (3) Loss or damage to the interior of any structure or the property inside the structure caused by rain, snow, sleet, sand, or dust whether driven by wind or not, unless the structure first sustains wind or hail damage to its roof or walls through which the rain, snow, sleet, sand, or dust enters.
- e. Smoke. However, this cause of loss does not include smoke from agricultural smudging or industrial operations.
- f. Aircraft or vehicles meaning only physical contact by an aircraft, spacecraft, a self-propelled missile, or other vehicle. This cause of loss includes loss or damage caused by objects falling from aircraft. However, we will not pay for loss or damage arising from aircraft or vehicles operated in the course of your business.
- g. Riot or civil commotion, including:
 - (1) Acts of striking employees while occupying the **“foreclosed property”**; and
 - (2) Looting occurring at the time and place of a riot or civil commotion.
- h. Sprinkler leakage meaning leakage or discharge from an automatic fire suppressant or extinguishing system. However, sprinkler leakage does not include leakage resulting from or caused by an earthquake. Covered loss or damage from sprinkler leakage includes:

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- (1) The cost to repair or replace damaged parts of the automatic fire suppressant or extinguishing system if the damage has caused leaking; and
- (2) The cost of tearing out and replacing any part of covered property in order to repair damage to the automatic fire suppressant or extinguishing system that has resulted in leakage.

Covered loss from sprinkler leakage does not include damage to a vacant building unless you have protected the automatic fire suppressant or extinguishing system against freezing.

i. **"Sinkhole collapse"**.

j. Volcanic action.

3. Exclusions – Applying to Coverage B – "Foreclosed Property" – We do not insure you against financial loss caused by the loss of or damage to **"foreclosed property"** resulting from or caused, directly or indirectly, proximately or remotely, by any of the following. Such loss or damage is not covered regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

- a. Earth movement other than **"sinkhole collapse"** or **"mine subsidence"**. Earth movement includes earthquake, volcanic eruption, landslide, mudflow, subsidence, and earth sinking, rising, or shifting. However, if fire or explosion ensues, we will pay for only the ensuing loss or damage directly caused by the fire or explosion.
- b. We will not pay for any of the following:
 - (1) Any increase of the cost to repair or replace the damaged or destroyed **"foreclosed property"** resulting from the enforcement of any ordinance, law, or code regulating the use, repair, construction, or occupancy of that **"foreclosed property"**, regardless of whether such ordinance, law, or code was in force before or after the damage or destruction.
 - (2) The cost or expense related to enforcement of any ordinance, law, or code, regulating the use, repair, construction, or occupancy even if the **"foreclosed property"** has not been damaged.
- c. Artificially generated electrical current, including electrical arcing, which disturbs electrical devices, appliances or wires. However, if fire or explosion ensues, we will pay for only the ensuing loss or damage directly caused by the fire or explosion
- d. Utility services meaning the failure of power or other utility service supplied to the **"foreclosed property"**, however caused, if the failure occurs away from the **"foreclosed property"**. Failure includes the lack of sufficient capacity and reduction in supply. However, if the failure of power or other utility service results in a Covered Cause of Loss not otherwise excluded we will pay for the damage to the **"foreclosed property"** directly caused by that Covered Cause of Loss.
- e. Water damage, including loss caused by any of the following:
 - (1) Flood, surface water, waves, tides, tsunamis, tidal waves, overflow of any body of water or their spray, even if driven by wind;
 - (2) Mudslide or mudflow;
 - (3) Water that backs up through or overflows from a sewer, drain, or sump;
 - (4) Underground water, including water which presses on, flows, or seeps through:
 - (a) Foundations, walls, floors, or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows, or other openings.
 - (5) Rupture or bursting of water pipes, other than Automatic Sprinkler Systems, unless caused by a Covered Cause of Loss; or

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- (6) Leakage or discharge of water or steam from any part of a system or appliance containing water or steam, other than an Automatic Sprinkler System, unless the leakage or discharge occurs because the system or appliance was damaged by a Covered Cause of Loss.

However, if fire, explosion, or sprinkler leakage ensues, we will pay for the ensuing loss or damage directly caused by the fire, explosion, or sprinkler leakage.

- f. Mechanical breakdown, including rupture or bursting caused by centrifugal or centripetal force. However, if mechanical breakdown results in a Covered Cause of Loss, we will pay for the ensuing loss or damage directly caused by that Covered Cause of Loss.
- g. Wear and tear, deterioration, decay, rust, “**organic pathogens**”, wet or dry rot. However, if fire, explosion, or damage from water, not otherwise excluded ensues, we will only pay for the ensuing loss or damage directly caused by the fire, explosion, or water not otherwise excluded.
- h. Error in design, plans, or specifications, faulty or defective workmanship or materials, or latent or patent defect. However, if loss from any Covered Cause of Loss ensues, we will pay for the ensuing direct loss or damage directly caused by the Covered Cause of Loss. We will not pay for the cost to correct the condition which produced the ensuing loss or damage.
- i. Pollution caused by or resulting from the actual, alleged, or threatened, presence, discharge, dispersal, seepage, migration, release, or escape of “pollutants”.
- j. War and military action, including:
- (1) War, including undeclared or civil war;
 - (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack by any government, sovereign, or other authority using military personnel or other agents; or
 - (3) Insurrection, rebellion, revolution, usurped power, or action by governmental authority in hindering or defending against any of these.
- k. Nuclear reaction or radiation or radioactive contamination, however caused. If fire ensues we will pay for the damage directly caused by fire, not otherwise excluded.
- l. Dishonest or criminal acts by you, any of your partners, members, officers, managers, employees, directors, trustees, or authorized representatives acting alone or in collusion with others whether or not occurring during the hours of employment.
- m. Governmental action, meaning seizure or destruction of property by order of governmental authority. However, we will pay for loss or damage resulting from or directly caused by acts of destruction ordered by governmental authority and taken at the time of fire to prevent its spread, if the fire would be covered by this policy.

In addition we do not insure you against delay, loss of use, loss of market, loss of business income, extra expense, or any other consequential loss.

4. **Provisions Applicable to all “Foreclosed Property” Coverage** – No “claim”, “suit”, demand for arbitration or other action on this policy for the recovery of any claim shall be sustainable in any court or other forum unless all of the requirements of this policy have been complied with and commenced within twelve (12) months after the inception of the loss.
- a. **Deductible** – Subject to the applicable limit of insurance we will pay no more than the amount by which any loss exceeds the applicable deductible amount shown in the Declarations. This provision applies to each “**foreclosed property**” for each separately occurring loss. If more than one deductible would apply to a single loss, the highest deductible amount will be applied.
- b. **Abandonment** – There can be no abandonment of any property to us.
- c. **Appraisal** – If you and we fail to agree on the amount of loss, either party may make a written demand on the other for an appraisal of the loss. Upon receipt of such a demand, each party has twenty (20) days to choose a competent disinterested appraiser. If the two (2) appraisers fail to agree upon the

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amount of the loss the two (2) appraisers will choose an umpire. If they cannot agree upon an umpire within fifteen (15) days, either of the parties may request that an umpire be chosen by a judge of a court of record in the state where the **"foreclosed property"** is located. The appraisers will separately determine the amount of loss. The appraisers will submit a written report to the umpire of the amount of loss. A decision agreed to by any two will constitute the amount of the loss. Each party will:

- (1) Pay its chosen appraiser; and
- (2) Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we still retain our right to dispute coverage. Further, all of the terms, conditions, and limitations of the policy will still apply to your loss.

d. Mandatory Binding Arbitration – In case you and we fail to agree on the meaning or effect of any provision of this policy, the disagreement will be resolved by binding arbitration in accordance with the statutory rules and procedures of the state in which the **"foreclosed property"** is located. Should arbitration under the terms of this clause result in any of the following, we will reimburse you for expenses actually incurred by you with respect to the arbitration, including reasonable attorney's fees, in a sum to be determined by the arbitrator(s):

- (1) A finding of coverage for claimed loss or damage for which coverage is denied by us;
- (2) A finding that you are entitled to a loss payment in accordance with the express terms of this policy and exclusive of costs or attorney's fees in an amount that exceeds the amount of any offer made by us in writing to settle your claim at any time up to thirty (30) days prior to the commencement of the arbitration.

The provisions of this clause are mandatory and may be enforced by either you or us.

e. Optional Claim Resolution – At your option, if we fail to agree with you on the meaning or effect of any provision of this policy or on the amount payable in accordance with the express terms of this policy, you may have both the amount of the loss and any coverage issues decided at the same time through binding arbitration in place of an appraisal. If you elect to have your loss resolved through binding arbitration, you get the benefits of the Mandatory Binding Arbitration provision, as explained in paragraph d., above, including possible reimbursement of your actually incurred expenses. All of the terms, conditions, and provisions of the Mandatory Binding Arbitration provision apply to this Optional Claim Resolution provision.

f. Duties in the Event of Loss:

- (1) You must at your expense:
 - (a) Notify the police or other applicable law enforcement agency if a law has been broken;
 - (b) Give us prompt notice of the loss or damage once you are aware of it. Include a description of the property involved;
 - (c) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records;
 - (d) Send to us a signed, Sworn Proof of Loss containing the information we request to investigate the claim. You must do this within ninety (90) days after our request. We will supply you with the necessary forms;
 - (e) Cooperate with us in the investigation or settlement of the claim; and
 - (f) Do all things and produce all documents, including but not limited to the **"mortgage"**, loan document file, accounting documents, and collection efforts reasonably required to establish values, loss, damage, and coverage for the loss.
- (2) You must at our expense submit and subscribe to examinations under oath by any person named by us.

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g. When Loss is Payable – The amount for which we are liable will be payable within thirty (30) days after:

- (1) We receive the Sworn Proof of Loss;
- (2) The amount of loss is determined by agreement with you, appraisal, or the optional claim resolution provision; and
- (3) Coverage for your loss is determined by agreement with you, mandatory arbitration, or the optional claim resolution provision.

C. Coverage C – Mortgageholder's Liability:

- 1. Coverage C-1 – Failure to Maintain Property Insurance on the "Mortgaged Property" – Insuring Agreement** – We insure you for those sums you become legally obligated to pay as damages due to your failure to purchase or maintain property insurance on the "**mortgaged property**" for the benefit of the mortgagor. This insurance only applies to "**claims**" or "**suits**" which arise from an "**occurrence**" during the policy period shown in the Declarations. Under this insurance the "**occurrence**" happens on the date of the actual incident that would have been insured by the mortgagor's insurance policy if it were still in force.
- 2. Coverage C-2 – Failure to Maintain Other Insurance – Insuring Agreement** – We will pay those sums that you become legally obligated to pay as damages due to your failure to purchase or maintain other insurance, not included in Coverage C-1 above, for the benefit of the mortgagor. This insurance applies only to "**claims**" or "**suits**", which arise from an "**occurrence**" during the policy period shown in the Declarations. Under this coverage, the "**occurrence**" happens on the date of the actual incident that would have been covered by the mortgagor's insurance policy if it were still in force.
- 3. Coverage C-3 – Failure to Pay Real Estate Taxes – Insuring Agreement** – We will pay those sums you become legally obligated to pay as damages due to your failure to pay real estate taxes and other mandatory assessments on behalf of the mortgagor. This coverage applies only to "**claims**" or "**suits**" which arise from an "**occurrence**" during the policy period shown in the Declarations. Under this coverage the "**occurrence**" happens when you fail to pay real estate taxes or other mandatory assessments on the due date without incurring any penalties or interest.
- 4. Coverage C-4 – Failure to Determine Flood Zone – Insuring Agreement** – We will pay those sums that you become legally obligated to pay as damages due to your failure to determine whether the "**mortgaged property**" is located in a Special Flood Hazard Area (SFHA) as defined by the Director of the Federal Emergency Management Agency. This coverage applies only to "**claims**" or "**suits**" which arise from an "**occurrence**" during the policy period shown in the Declarations. The "**occurrence**" is deemed to have taken place on the date the flood begins. In the event you erroneously determine that "**mortgaged property**" is located in a SFHA, the "**occurrence**" happens on the date you cause a premium payment to be made.

5. Provisions Applicable to All Mortgageholder's Liability Coverage:

a. Defense of Suits:

- (1) We will have the right and duty to defend any "**suit**" seeking covered damages. However, we have no duty to defend you against a "**suit**" seeking damages to which this insurance does not apply. We may investigate and settle any "**claim**" or "**suit**" at our discretion. The amount we will pay is limited as described in Section II – Limits of Insurance under Coverage C – Mortgageholder's Liability. Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments and settlements.
- (2) No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under paragraph b., Supplementary Payments, below.

b. Supplementary Payments

– In addition to the applicable limit of insurance shown in the Declarations and with respect to any "**claim**" or "**suit**" we defend we will pay:

- (1) All expenses we incur.

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- (2) The premium for bonds to release attachments but only for bond amounts within the applicable limit of insurance shown in the Declarations. We do not have to furnish these bonds.
- (3) All reasonable expenses incurred by you at our request, including actual loss of earnings up to \$250 a day because of time off from work.
- (4) All court costs taxed against you in the “suit”. However, these payments do not include attorneys’ fees or attorneys’ expenses taxed against you.
- (5) Prejudgment interest awarded against you on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- (6) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in the court the part of the judgment that is within the applicable limit of insurance.

6. Exclusions Applying to All Mortgageholder’s Liability Coverages – This insurance does not apply to:

- a. Your failure to obtain, process, maintain, or properly handle the following types of insurance:
 - (1) Title;
 - (2) Life, Health, or Accident;
 - (3) Employer’s Liability and Workers’ Compensation;
 - (4) Automobile Liability and Aircraft Liability;
 - (5) Products Liability, and Pollution Liability; and
 - (6) Professional Liability, Errors and Omissions Liability, Employment Practices Liability, or Directors and Officers Liability.
- b. Any amount payable by you to others as a result of punitive or exemplary damages judgment against you.
- c. Your liability to another for loss or damage arising out of the presence of or the actual, alleged, or threatened release, discharge, escape, dispersal, seepage, or migration or “**pollutants**” and / or “**organic pathogens**”.
- d. Your liability for any loss, cost, or expense arising out of any governmental direction or request that you test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize “**pollutants**” and / or “**organic pathogens**”.
- e. **War and Military Action**, which includes:
 - (1) War, including undeclared or civil war;
 - (2) Warlike action by a military force, including action in hindering or defending against any actual or expected attack by any government, sovereign, or other authority using military personnel or other agents; or
 - (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
- f. **Nuclear** – Nuclear reaction or radiation or radioactive contamination, however caused.
- g. **Dishonesty** – Dishonest or criminal acts by you, any of your partners, members, officers, managers, employees, directors, trustees, or authorized representatives acting alone or in collusion with others whether or not occurring during the hours of employment.

7. Coverage C – Limits of Insurance – The most we will pay for the sum or all damages to which this insurance applies as a result of any one “**occurrence**” is the applicable limit of insurance shown in the

MORTGAGEHOLDER'S PROTECTION POLICY

Declarations for “**commercial mortgage**” or “**residential mortgage**” for Mortgageholder's Liability regardless of the number of:

- a. Insureds;
 - b. “**Claims**” made or “**suits**” brought;
 - c. Persons or organizations making “**claims**” or bringing “**suits**”;
 - d. Policies issued by us to any insured. If such other policies exist, the maximum limit of our liability shall not exceed the highest applicable limit stated in any one policy's Declarations.
 - e. Coverages applicable to any “**occurrence**”; or
 - f. The amount the insurance policies you failed to maintain would have paid.
8. **Coverage C – Deductible Amount** – Subject to the applicable limit of insurance, we will pay no more than the amount you are liable for as a result of any “**occurrence**”, less the deductible amount shown in the Declarations. We may pay the amount of the deductible on your behalf. If we pay it, you agree to promptly reimburse us. If the Declarations show the deductible applies per “**mortgage**”, the deductible shall be applied to each “**mortgage**” that is a part of the “**claim**” or “**suit**”. The deductible applies separately to each “**occurrence**”.
9. **Coverage C – Conditions** – The following conditions apply in addition to the Common Policy Conditions:
- a. **Bankruptcy** – Bankruptcy or insolvency of any insured or any insured's estate will not relieve us of our obligations under this policy.
 - b. **Separation of Insureds** – Except with respect to the Limits of Insurance, this insurance applies separately to each insured against whom “**claim**” is made or “**suit**” is brought.
 - c. **Duties of Any Insured:**
 - (1) You must promptly notify us of an incident or event that may result in a “**claim**”. Notice should include:
 - (a) How, when, and where the incident or event took place.
 - (b) The names and addresses of any injured person and witness.
 - (2) If a “**claim**” is made or “**suit**” is brought against any insured, we must be promptly notified in writing and you and any other involved insured must:
 - (a) Immediately send us copies of any demands, notices, summonses, or other legal papers received in connection with the “**claim**” or “**suit**”;
 - (b) Authorize us to obtain records and other information;
 - (c) Cooperate with us in the investigation, settlement, or defense of the “**claim**” or “**suit**”; and
 - (d) Assist us, upon our request, in the enforcement of any right against any person or organization, which may be liable to any insured because of injury or damage to which this insurance may also apply.
 - d. **Voluntary Payments** – No insured shall, except at the insured's own cost, make a payment, assume any obligation, or incur any expense other than first aid at the time of an “**accident**” without our prior written consent.

SECTION II – LIMITS OF INSURANCE

Regardless of the number of persons or organizations insured under this policy, the most we will pay for any one loss is the applicable limit of insurance shown in this policy or in the Declarations.

SECTION III – WHO IS AN INSURED:

MORTGAGEHOLDER'S PROTECTION POLICY

- A. You, the person or entity named as the insured in the Declarations is an insured.
- B. If the Named Insured shown in the Declarations is a partnership, joint venture, a limited liability company, a trust, or a corporation, then under Section I – Coverage C – Mortgageholder's Liability, an insured includes:
1. Your partners, members, executive officers, trustees, directors, and stockholders of such, partnership, joint venture, limited liability company, corporation but only with respect to their duties as such; and
 2. Managers of a limited liability company but only with respect to their duties as such.

SECTION IV – COMMON POLICY CONDITIONS

The following conditions apply to all coverages provided by this policy and all endorsements attached to this policy, unless specifically stated otherwise.

- A. **Cancellation and Nonrenewal** – Subject to state rules, regulations, and statutes governing cancellation and non-renewal as applicable to this policy – You may cancel this policy at any time by returning it to us or by notifying us in writing of the date cancellation is to take effect. Any pro rata premium due you will be refunded within a reasonable time after the cancellation takes effect.

We may:

1. Cancel this policy for non-payment of premium by giving you fifteen (15) days advance written notice; or
2. Non-renew this policy for any reason by giving you at least sixty (60) days but not more than one hundred and twenty (120) days advance written notice of our intentions to not renew, prior to the anniversary of the policy or expiration date of the policy, whichever is first.

We will also mail such notice of cancellation or non-renewal to each mortgagee or other person or entity shown in this policy to have an insurable interest in the covered property. We will state our reason for cancellation or non-renewal on the written notice.

- B. **Changes** - This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

- C. **Change in Procedures** – You agree to notify us if you make any changes in your procedures relating to the following:

1. Requiring, verifying, tracking, or maintaining insurance on “**mortgaged property**”.
2. Obtaining insurance on “**foreclosed properties**”; or
3. Escrowing insurance premiums, real estate taxes, or mandatory assessments.

- D. **Concealment, Misrepresentation, or Fraud** – We will not provide coverage to one or more insureds who, at any time:

1. Intentionally conceal or misrepresent a material fact;
2. Engage in fraudulent conduct; or
3. Knowingly make a false statement relating to this insurance.

- E. **Conformity to State Law** – Nothing contained in this insurance shall require the commission of any act contrary to law. When there is any conflict between this insurance and any statute, law, ordinance, or regulation in any state where the policy is issued the latter shall prevail. However, only the part of this insurance so affected shall be limited to the extent necessary to permit compliance with the minimum legal requirement. The validity of the remaining sections of this insurance shall not be affected and the duties and obligations of you and us under the remaining sections shall remain in full force and effect.

- F. **Coverage Territory** – Coverage only applies to “**mortgaged property**” or “**foreclosed property**” that is located in the United States, including its territories and possessions, and Puerto Rico.

MORTGAGEHOLDER'S PROTECTION POLICY

G. Examination Under Oath – You must submit to examinations under oath, while not in the presence of any other insured. The examinations will be conducted by any person named by us and conducted as many times as may be reasonably required about any matter relating to this insurance, the “**claim**” or “**suit**” including an insured’s books and records. In the event of an examination, a transcript of an insured’s answers must be signed.

H. Examination of Your Books and Records – We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three (3) years afterward or whenever there is an ongoing “**claim**” or dispute between you and us.

I. Insurance Under Two (2) or More Coverages – If two (2) or more of this policy’s coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

J. Legal Action Against Us – No person or organization has a right under this policy:

1. To join us as a party or otherwise bring us into a “**suit**” asking for damages from any insured; or
2. To sue us on this policy unless all of its terms and conditions have been complied with fully.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against any insured obtained after an actual trial but we will not be liable for damages that are not payable under the terms of this policy. An agreed settlement means a settlement and release of liability signed by the claimant or the claimant’s legal representative, by you, and by us.

K. Liberalization – If we adopt any revisions broadening the coverage under this policy without premium within forty-five (45) days prior to or during the policy period, the broadened coverage will immediately apply to this policy once it is in effect.

L. Mergers and Acquisitions – Coverage under this policy is extended to “**mortgages**” of the type covered by this policy you acquire through merger or acquisition of other entities for a period beginning on the date of the merger or acquisition not to exceed ninety (90) days from the date of the merger or acquisition. We reserve our right to charge premium for these “**mortgages**”.

There is no coverage, beyond the ninety (90) day period unless you report the merger or acquisition to us within the ninety (90) days from the date of the merger or acquisition or we agree to extend the period in writing prior to the expiration of the ninety (90) days for a specific merger or acquisition.

M. Other Insurance:

1. Under all policy coverages in Section I other than Coverage C – Mortgageholder’s Liability, the following condition applies:

To the extent allowed by law, the insurance provided by this policy is excess and non-contributory to any other insurance, except insurance written specifically as excess over the limits of this policy. Otherwise, we will pay our share of covered loss or damage. Our share is the proportion that the applicable limit of insurance under this policy bears to the limits of insurance of all insurance covering the loss or damage on the same basis.

2. Under Section I – Coverage C – Mortgageholder’s Liability the following condition applies:

The insurance provided by this policy is excess and non-contributory over any other insurance except insurance written specifically as excess over the limits of this policy. We have no duty to defend any “**claim**” or “**suit**” that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so but we will be entitled to the insured’s rights against any other such insurers.

N. Premiums – The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

O. Representations – By accepting this policy you agree:

MORTGAGEHOLDER'S PROTECTION POLICY

1. The statements and representations in the Application and on the Declarations Page are accurate and complete.
2. We have issued this policy in reliance upon your representations.

P. Separation of Insureds – Except with respect to the Limits of Insurance and any rights and duties specifically assigned to the first Named Insured, this insurance applies:

1. As if each Named Insured were the only Named Insured; and
2. Separately to each insured against whom **“claim”** is made or **“suit”** is brought.

Q. Time of Inception – Coverage under this policy becomes effective as of 12:01 AM Standard Time at the address of the insured as shown on the Declarations. However, to the extent that this policy replaces coverage in other policies terminating at noon Standard Time on the inception date of this policy, coverage under this policy will not become effective until such other coverage has terminated.

R. Transfer of Your Rights and Duties Under This Policy – Your rights and duties under this policy may not be transferred without our prior written consent, except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper, temporary custody of your property will have your rights and duties but only with respect to that property.

S. Transfer of Rights of Recovery Against Others to Us

1. Under all policy coverages except Section I – Coverage C – Mortgageholder's Liability if any person or organization to or for whom we make payment has rights to recover damages from another; those rights are transferred to us to the extent of our payment. Such person or organization must do everything necessary to secure our rights and must do nothing after loss or damage to impair those rights.
2. Under Section I – Coverage C – Mortgageholder's Liability if you have rights to recover all or part of any payment we have made under this policy, those rights are transferred to us to the extent of our payment. You must do nothing after loss or damage to impair those rights. At our request you will bring **“suit”** or transfer those rights to us and help us to enforce those rights.

T. Unintentional Failure to Disclose – By accepting this Policy, you agree:

1. The statements in the Declarations are accurate and complete;
2. Those statements are based upon representations you made to us; and
3. We have issued this Policy in reliance upon your representations.

Based upon our reliance on your representations as to existing hazards, if you unintentionally fail to disclose all such hazards prior to the beginning of the “coverage period” of this Policy, we shall not deny coverage under this insurance because of such failure.

SECTION V – DEFINITIONS

- A. “Accident”** means a rapidly occurring event that is undesigned and unexpected from the point of view of the insured. With respect to **“mortgageholder's interest”** an **“accident”** means a single event causing direct physical damage to **“mortgaged property”** that occurs within any seventy-two (72) hour period.
- B. “Claim”** means a demand for damages or a series of such demands attributable to or arising out of the same cause or event.
- C. “Commercial mortgage”** means any **“mortgage”** secured by real estate for which the real estate is zoned or used for business purposes or multi-unit dwellings and which does not fall within the definition of a **“residential mortgage”**.

MORTGAGEHOLDER'S PROTECTION POLICY

D. "Foreclosed property" means real and personal property you own due to foreclosure or deed in lieu of foreclosure. However, **"foreclosed property"** does not include:

1. Land, including land on which the property is located, including but not limited to any of the following:
 - a. Water;
 - b. Growing crops or standing timber;
 - c. Lawns;
 - d. Trees;
 - e. Shrubs; or
 - f. Plants; or

2. Manufactured housing units which are not affixed to a permanent foundation in accordance with the manufacturer's design or a permanent foundation designed by a licensed professional engineer.

E. "Mine subsidence" means lateral or vertical ground movement caused by a failure initiated at the mine level of man-made underground mines, including but not limited to coal, clay, talc, asbestos, limestone, fluorspar, gold, silver, copper, uranium, or other ores or materials mined. Several continuous events of mine subsidence shall constitute one occurrence. Mine subsidence does not mean lateral or vertical ground movement caused by any of the following:

1. Earthquake, landslide, volcanic eruption;
2. Soil conditions, soil erosion, soil freezing, or thawing, improperly compacted soil, construction defects, and the effects of the roots of trees or shrubs; or
3. Collapse of storm or sewer drains or rapid transit tunnels, including transit tunnels.

F. "Mortgage" means a legal document pledging real estate property to a creditor for the repayment of the loan. For the purposes of this policy, the term **"mortgage"** includes Deeds of Trust, or any other instrument representing an interest in real property and all documents related to such agreements.

G. "Mortgaged property" means the following property specifically identified in a **"mortgage"** you own:

1. Real property; and
2. Personal property secured in connection with that real property.

However, **"mortgaged property"** does not include land, including land on which the property is located, water, growing crops, standing timber, lawns, trees, or shrubs.

H. "Mortgageholder's interest" means the unpaid principal balance of the **"mortgage"** plus accrued interest up to the date of default of the mortgage. It does not include any late fees, penalty interest, or costs associated with enforcing the terms of the **"mortgage"** or collecting the outstanding debt.

I. "Occurrence" means an **"accident"**. With respect to liability insurance that you fail to maintain in Section I – Coverage C-2 Mortgageholder's Liability, an **"accident"** includes continuous or repeated exposure to the same harmful conditions.

J. "Organic pathogens" means any bacteria, virus, fungus, including but not limited to mold, mushroom, yeast, mildew, mycotoxins, or other metabolic products or spores, scents, vapor, fumes, gasses, or byproducts, and any reproductive material they produce.

K. "Pollutants" means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.

L. "Properties you hold in trust" means property for which you have no mortgagee interest and you act as trustee, administrator, executor, guardian, or receiver.

MORTGAGEHOLDER'S PROTECTION POLICY

- M. "Residential mortgage"** means any "**mortgage**" on a property designed for use as a residence for no more than four (4) families or a single family unit in a condominium building.
- N. "Required insurance"** means the insurance the mortgagor is required by the "**mortgage**" contract or loan document to obtain that protects your "**mortgageholder's interest**".
- O. "Sinkhole collapse"** means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or similar rock formations. However, "**sinkhole collapse**" does not include sinking or collapse of land into man-made underground cavities.
- P. "Suit"** means a civil proceeding in which damages to which this insurance applies are alleged. "**Suit**" also includes an arbitration proceeding in which such damages are claimed and to which you must submit or submit with our prior written consent.
- Q. "Uninsured"** means:
1. Without insurance;
 2. With insurance:
 - a. Which is invalid or uncollectible; or
 - b. Having limits or scope of coverage which is less than the "**required insurance**".
- R. "Volcanic action"** means all volcanic eruptions that occur within any seventy-two (72) hour period will constitute a single loss. This cause of loss does not include the cost to remove ash, dust, or particulate matter which does not directly cause physical damage to or loss of the "**mortgage property**" or to the "**foreclosed property**".

ENDORSEMENT – BALANCE OF PERILS COVERAGE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

MORTGAGEHOLDER'S PROTECTION POLICY

A. SECTION I – Coverages – The following coverage is added:

4. Coverage A-3 – Balance of Perils Coverage – Subject to all the terms, conditions, and limitations of this policy we insure you against loss to your **“mortgageholder's interest”** resulting from physical loss or damage to **“mortgaged property”** only to **“mortgages”** you own. The physical loss of or damage to **“mortgaged property”** must occur during the policy period shown in the Declarations. However, the most we will pay is the least of the following amounts:

- a. The amount of loss to your **“mortgageholder's interest”**; or
- b. The amount it would cost to repair or replace the damaged or destroyed **“mortgaged property”** with material of like kind, quality, and use at the place of loss or destruction and within a reasonable time after the loss or destruction; or
- c. The limit of insurance shown in the Declarations for **“commercial mortgage”** or **“residential mortgage”** for any one mortgage under Coverage A-1 and A-3 combined.
- d. The maximum limit of insurance available through the National Flood Insurance Program for the specific type of **“mortgaged property”**, if the loss is caused by flood as defined by the National Flood Insurance Program. However, if the **“mortgaged property”** is damaged by a flood as defined by the National Flood Insurance Program we will not pay more for the loss or damage to any one **“mortgaged property”** under Coverages A-1 and A-3 combined, than the maximum limit of insurance available through the National Flood Insurance Program for the specific type of **“mortgaged property”**.
- e. The limit of insurance for Coverage A-3 is shown in the Declarations.

5. Exclusions Applying to Coverage A-3 – We will not pay for:

- a. Loss to your **“mortgageholder's interest”** caused by loss of or damage to **“mortgaged property”** resulting from or caused, directly or indirectly, proximately or remotely, by any of the following. Such loss or damage is not covered regardless of any **“accident”** that contributes concurrently or in any sequence to such loss or damage:
 - (1) Insects, vermin, rodents, birds, or other animals, including but not limited to damage from nesting or infestation, or discharge or release of waste products or secretions produced or released by any of these. However, if fire or explosion ensues, we will be liable only for the ensuing loss or damage directly caused by the fire or explosion.
 - (2) **Pollution** – Pollution caused by or resulting from the presence of or the release, discharge, escape, dispersal, seepage, or migration of **“pollutants”** unless the presence, release, discharge, escape, dispersal, seepage, or migration is caused by or results from fire; lightning; explosion; windstorm; hail; aircraft; vehicles; riot or civil commotion; vandalism or malicious mischief; sprinkler leakage other than sprinkler leakage caused by earth movement; falling objects; **“volcanic action”**; or weight of snow, sleet, or ice.
 - (3) Error in design, plans, or specifications, faulty or defective workmanship or materials, or latent or patent defect. However, If loss from fire, explosion, sprinkler leakage other than sprinkler leakage caused by earthquake, falling objects, weight of snow, sleet or ice or discharge of water not otherwise excluded from a plumbing, heating or air conditioning system which has cracked or broken apart ensues, we will pay for the ensuing loss. We will not pay for the cost to correct the condition which produced the ensuing loss or damage.
- (4) **War** – War and Military Action, which includes:
 - (a) War, including undeclared or civil war;
 - (b) Warlike action by a military force, including action in hindering or defending against an actual or expected attack by any government, sovereign, or other authority using military personnel or other agents; or

ENDORSEMENT – BALANCE OF PERILS COVERAGE

- (c) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
- (5) Nuclear reaction or radiation or radioactive contamination, however caused. However, if fire ensues we will pay only for the ensuing loss or damage directly caused by fire.
- b. We will not pay for any of the following, however caused:
 - (1) Wear and tear, deterioration, decay, rust, “**organic pathogens**”, wet or dry rot. However, if fire, explosion, or damage from water, not otherwise excluded ensues, we will pay only for the ensuing loss or damage directly caused by the fire, explosion, or water not otherwise excluded.
 - (2) Settling, cracking, shrinking, bulging, or expanding of “**mortgaged property**” but this exclusion does not apply if the loss or damage is caused by earth movement or “**volcanic eruption**”. However if fire, explosion, or breakage of glass constituting an integral part of the structure ensues, we will pay only for the ensuing direct loss or damage from the fire, explosion, or breakage of such glass.

B. SECTION IV – Policy Conditions – Condition M, Other Insurance is entirely deleted with respect to Coverage A-3 and is replaced with the following:

Other Insurance – If there is a loss that is covered under Coverage A-3, of this endorsement, and under Coverage A Mortgageholder's Interest of the policy the coverage provided by this endorsement applies only as excess insurance to the coverage provided by Coverage A of the policy.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

ENDORSEMENT – GOVERNMENT CONFISCATION

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

MORTGAGEHOLDER'S PROTECTION POLICY

A. SECTION I – Coverages – The following coverage is added:

Coverage A-4 – Government Confiscation Coverage – Insuring Agreement – Subject to the terms, conditions, and limitations of this policy, we insure you against loss to your **“mortgageholder's interest”** resulting from seizure and sale of **“mortgaged property”** by a governmental agency which occurs:

- a. Without your knowledge; and
- b. Because of failure to pay real estate taxes on the **“mortgaged property”**.

This coverage applies only to the sale of **“mortgaged property”** occurring during the policy period shown in the Declarations. We will not pay more than the least of the following:

- a. The amount of loss to your **“mortgageholder's interest”**; or
- b. The applicable limit of insurance shown in the Declarations.

This insurance only applies to **“mortgages”** you own.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

ENDORSEMENT – SECURED BUSINESS PROPERTY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

MORTGAGEHOLDER'S PROTECTION POLICY

A. **SECTION I** – Coverages – Coverage A-1 – Insuring Agreement, a., subparagraph (4) is entirely deleted and replaced with the following:

(4) The applicable limit of insurance shown in the Declarations for “**commercial mortgage**”, “**residential mortgage**”, or “**secured business property**”.

B. **SECTION V** – Definitions – The following definition is added:

“**Secured business property**” means machinery, equipment, inventory, furniture, and fixtures pledged as security for commercial loans. “**Secured business property**” does not mean vehicles designed for use on public roads; aircraft; watercraft; livestock; crops and standing timber; and seeds.

C. **SECTION V** – Definitions – The following definitions are amended by adding to each definition as shown below:

E. “**Foreclosed property**”, includes “**secured business property**”;

G. “**Mortgage**”, includes secured business loans;

H. “**Mortgaged property**”;

I. “**Mortgageholder's interest**”, includes unpaid principal balance of the secured business loan plus accrued interest up to the date of repossession;

O. “**Required insurance**”, includes the insurance the borrower is required to obtain to protect your security interest in “**secured business property**”.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

ENDORSEMENT – REAL PROPERTY HELD IN TRUST

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

MORTGAGEHOLDER'S PROTECTION POLICY

A. SECTION I – COVERAGES – Coverage C – Mortgageholder's Liability is changed by adding the following:

Coverage C-5 – “Property Held in Trust” Coverage – We will pay those sums you become legally obligated to pay as damages due to your failure to obtain or maintain insurance on “**property held in trust**”. This insurance applies only to “**claims**” or “**suits**” from an “**occurrence**” during the policy period shown in the Declarations. The “**occurrence**” is deemed to occur on the date of the incident, which would have been covered if insurance for the “**property held in trust**” had been in force.

B. SECTION V – Definitions – The following definition is added:

“**Property held in trust**” means real property for which you:

1. Act as a trustee, administrator, executor, guardian, or receiver; and
2. Have no “mortgagee interest”.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

ENDORSEMENT – MORTGAGE LIFE AND DISABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

MORTGAGEHOLDER'S PROTECTION POLICY

A. SECTION I – Coverages – Coverage C – Mortgageholder's Liability Coverage is changed by adding the following:

Coverage C-6 – Mortgage Life and Disability Coverage – Insuring Agreement – We will pay those sums you become legally obligated to pay as damages due to your failure to process the application in accordance with the insurance company's stated procedures or maintain mortgage life or mortgage disability insurance on behalf of the mortgagor. This insurance applies only to **"claims"** or **"suits"** which arise from an **"occurrence"** during the policy period shown in the Declarations. The **"occurrence"** is deemed to occur on the date of the incident, which would have been covered by mortgage life or mortgage disability insurance had it been in force at the time of the incident.

B. SECTION I – Coverages – Coverage C – Mortgageholder's Liability Coverage – Item 6, Exclusions, exclusion a. (2) Life, Health, or Accident does not apply.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

ENDORSEMENT – RETROACTIVE MORTGAGEHOLDER’S LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

MORTGAGEHOLDERS PROTECTION POLICY

A. SECTION I – Coverages – Coverage C – Mortgageholder’s Liability – The insuring agreements of each of Coverage C Coverage are changed by adding the following:

The “**occurrence**” producing the “**claim**” must have occurred:

- a. After the Retroactive Date shown in the Declarations; and
- b. Your prior Mortgageholder’s Liability policy provided coverage on a claims-made basis; and
- c. Your prior Mortgageholder’s Liability policy would have covered the “**claim**” if the “**claim**” had been reported prior to the expiration of that policy; and
- d. This policy would cover the claimed damages if the damages had occurred during the policy period of this policy; and
- e. You did not have knowledge of the “**occurrence**”, “**claim**”, or “**suit**” prior to the effective date of this policy shown in the Declarations.

B. SECTION I – Coverages – Coverage C – Mortgageholder’s Liability – Paragraph 7, Coverage C - Limits of Insurance is changed with respect to Retroactive Mortgageholder’s Liability as follows:

The most we will pay for the sum of damages for this insurance is the least of the following amounts:

- (a) The amount which would have been payable under the prior policy if the “**claim**” had been reported prior to the expiration or cancellation of that policy;
- (b) The amount which would have been paid by this policy if the “occurrence” had taken place during the policy period shown in the Declarations; or
- (c) The limit of insurance for Mortgageholder’s Liability shown in the Declarations Page of this policy.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

ENDORSEMENT – DOCUMENT CUSTODIAN

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

MORTGAGEHOLDER'S PROTECTION POLICY

A. SECTION I – Coverages – Coverage C – Mortgageholder's Liability Coverage – The following coverage is added:

Coverage C-7 – Document Custodian Coverage – Insuring Agreement – We will pay those sums you become legally obligated to pay as damages due to your failure to provide the following mortgage document custodial services to others under a written contract:

- a. Certification of documents; or
- b. Filing, maintaining, and safeguarding of documents; or
- c. Releasing and transferring documents.

This insurance applies only to “**claims**” or “**suits**” which arise from an “**occurrence**” during the policy period shown in the Declarations. The “**occurrence**” is deemed to happen on the date you become aware that you are unable to properly perform the custodial services described above.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

ENDORSEMENT – TITLE INSURANCE ERRORS AND OMISSIONS

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

MORTGAGEHOLDER'S PROTECTION POLICY

A. SECTION I – Coverages – Coverage C – Mortgageholder's Liability Coverage – The following coverage is added:

Coverage C-8 – Title Insurance Negligent Acts, Errors, and Omissions Coverage – Insuring Agreement – We will pay those sums you become legally obligated to pay as damages due to your failure to:

- a. Require Title Insurance; or
- b. Procure or maintain Title Insurance on behalf of the mortgagor.

This insurance applies only to "claims" or "suits" arising from an "occurrence" during the policy period shown in the Declarations. The "occurrence" is deemed to happen on the date of the incident which would have been covered by a Title Insurance policy if it had been in force.

Exclusion 1.a.(1) Title Insurance is deleted

This insurance only applies if:

- a. There was a written requirement for title insurance to be bought on the "**mortgaged property**"; and
- b. A written procedure requires you to verify the existence of title insurance at "mortgage" origination; and
- c. The required title insurance was not put into effect.

This insurance may not be used as a substitute for Title Insurance.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

ENDORSEMENT – SECURITY INTEREST ERRORS AND OMISSIONS

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

MORTGAGEHOLDER'S PROTECTION POLICY

A. SECTION I – Coverages – Coverage A – Mortgageholder's Interest – The following coverage is added:

Coverage A-5 – Security Interest Errors and Omissions Coverage – Insuring Agreement – We insure you against loss of your **“mortgageholder's interest”** caused by you or your representative's negligent act, error, or omission in the operation of your customary procedures in preparing, recording, or releasing your security interest in a **“mortgaged property”**. This insurance applies only to negligent acts, errors, or omissions which occur during the policy period shown in the Declarations. We will not pay more than the least of the following amounts:

- a. The amount you would have been able to recover from the “mortgaged property” if the negligent act, error or omission had not occurred;
- b. The amount of loss to your **“mortgageholder's interest”**; or
- c. The applicable limit of insurance shown in the Declarations for **“commercial mortgage”** or **“residential mortgage”**.

Exclusion

We will not pay for loss to your “mortgageholder's interest” that is eligible for coverage under any Form of Title Insurance.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

ENDORSEMENT – FEDERAL HOME LOAN MORTGAGE CORPORATION (FREDDIE MAC)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

MORTGAGEHOLDER'S PROTECTION POLICY

SECTION III – Who Is An Insured is amended by adding the following:

For “**mortgages**” you service for the Federal Home Loan Mortgage Corporation (hereinafter known as Freddie Mac), the following are insureds:

1. Employees of outside firms used by you while providing legal services or performing as data processors of checks or other accounting records for you; and
2. Anyone assigned by you through an intervening employer or agency to perform your duties on a contingent or temporary basis; or
3. Interns employed by outside firms used by you.

Further, with respect to the status of the Freddie Mac as investor we will:

1. Name Freddie Mac as sole loss payee on payment drafts we issue on losses Freddie Mac incurs in connection with acts covered under this policy.
2. Permit Freddie Mac to file “**claim**” directly with us for losses Freddie Mac incurs in connection with acts covered by this policy regardless of whether you tender a “**claim**” in connection with the events which give rise to the “**claim**” filed by Freddie Mac.
3. We will notify Freddie Mac at the address shown in the Declarations:
 - a. At least thirty (30) calendar days before we cancel or non-renew this policy for any reason;
 - b. Within ten (10) business days after we:
 - (1) Reduce or restrictively modify this insurance for any reason;
 - (2) Cancel or non-renew coverage at your request; or
 - (3) Make a “**claim**” payment which:
 - (a) Applies to a coverage written with an aggregate limit of insurance; and
 - (b) Reduces the aggregate limit of insurance by more than fifty (50) percent

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

ENDORSEMENT – FEDERAL NATIONAL MORTGAGE ASSOCIATION (FANNIE MAE)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

MORTGAGEHOLDER'S PROTECTION POLICY

SECTION III – Who Is An Insured is amended by adding the following:

For “**mortgages**” you service for the Federal National Mortgage Association (hereinafter known as Fannie Mae), the following are insureds:

1. Employees of outside firms providing data processors services for you;
2. Temporary contract employees; and
3. Student interns.

Further, we will:

1. Name Fannie Mae as loss payee on drafts we issue for losses Fannie Mae incurs in connection with acts covered under this policy.
2. Permit Fannie Mae to file a “**claim**” directly with us if you fail to file a “**claim**” for losses that Fannie Mae incurs in connection with acts covered by this policy.
3. We will notify Fannie Mae at the address shown in the Declarations:
 - a. At least thirty (30) calendar days before we cancel, reduce coverage, decline to renew, or impose a restrictive modification to this insurance for any reason other than a partial or full exhaustion of the limits of insurance.
 - b. Within ten (10) business days after we receive a request from you to cancel or reduce any coverage under this policy.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

ENDORSEMENT – GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GINNIE MAE)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

MORTGAGEHOLDER'S PROTECTION POLICY

SECTION III – Who Is An Insured is amended by adding the following:

For mortgages in which Ginnie Mae has an interest, you as defined in the DEFINITIONS section of the policy includes:

1. Officers and employees of outside firms while they are providing legal, data processing, or accounting services for you; and
2. Persons assigned to you through an intervening employer or agency to perform the usual duties of an employee of yours on a contingent or temporary basis; and
3. Students pursuing studies or duties in your office.

In the event of a loss affecting the interest of the Government National Mortgage Association, the Government National Mortgage Association, its successors and assigns shall be named on the loss payable draft as their interests may appear.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

ENDORSEMENT – CONDOMINIUMS

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

MORTGAGEHOLDER'S PROTECTION POLICY

SECTION I – Coverages – Coverage A-1 – Loss of Mortgageholder's Interest Due to Lack of Required Insurance paragraph e, Coverage A-1 Conditions, if the **"mortgaged property"** is a residential condominium, an individual townhome belonging to a townhouse association, or a cooperative apartment then subparagraph (1) Mortgage Requirements is entirely deleted and replaced with the following:

- (1) **"Mortgage" Requirements** – You agree to require all of the following conditions in the **"mortgage"**:
- (a) The owners or co-op association must maintain a master policy providing physical damage insurance on the **"mortgaged property"**.
 - (b) If the **"mortgaged property"** is located in a Special Flood Hazard Area, the **"mortgaged property"** must be insured by flood insurance in such amounts as are required to be insured by the Flood Disaster Protection Act of 1973, and all additions or revisions thereto.
 - (c) The insurance covering the **"mortgaged property"** must contain a mortgagee clause naming you as the mortgagee.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

ENDORSEMENT – MANUFACTURED HOUSES

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

MORTGAGEHOLDER'S PROTECTION POLICY

A. SECTION V – Definitions – When a Manufactured Housing limit of insurance is shown in the Declarations the following definitions are amended as follows:

1. **“Mortgaged property”** also means **“manufactured houses”**.
2. **“Mortgage”** includes manufactured housing home loans.
3. **“Mortgageholder's interest”** includes the unpaid principal balance of the **“manufactured house”** loan plus accrued interest up to the date of repossession.
4. **“Foreclosed property”** includes **“manufactured houses”**.

B. SECTION V – Definitions – The following definition is added:

“Manufactured house (s)” means factory built structures which have:

1. Been designed for use as a residence;
2. Been placed on a permanent foundation and tied down in accordance with the manufacturer's specifications and state, local, or municipal regulations, whichever are the most stringent; and
3. All hitches, axles, and wheels removed.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

ENDORSEMENT – EXCLUDING CERTIFIED ACTS OF TERRORISM

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

MORTGAGEHOLDER'S PROTECTION POLICY

SCHEDULE

The Exception Covering Certain Fire Losses (Paragraph C) applies to property located in the following state(s), if covered under this policy:

State(s):	Policy:
	Mortgageholder's Protection Policy
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. SECTION V – Definitions - The following definition is added:

“Certified act of terrorism” means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a “certified act of terrorism” include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

B. The following exclusion is added and applies to all coverages of the policy:

“Certified act of Terrorism” Exclusion – We will not pay for loss or damage caused directly or indirectly by a “certified act of terrorism”. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

C. Exception Covering Certain Fire Losses – The following exception to the exclusion in Paragraph B. applies only if indicated and as indicated in the Schedule of this endorsement.

If a “certified act of terrorism” results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to loss or damage directly caused by fire therefore, for example, the coverage does not apply to insurance provided under any consequential or time element coverage if included in the policy. If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

D. Application of Other Exclusions – The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

ENDORSEMENT – CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

MORTGAGEHOLDER'S PROTECTION POLICY

To the extent of any property or liability coverage which may be triggered under one or more of the Coverages of the policy, we will pay for **“certified acts of terrorism”** to the extent described below:

A. Cap on Certified Terrorism Losses – **“Certified act of terrorism”** means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a “certified act of terrorism” include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

B. Application of Exclusions – The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

ENDORSEMENT – BALANCE OF PERILS COVERAGE EXCLUSION CALIFORNIA EARTH MOVEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

MORTGAGEHOLDER'S PROTECTION POLICY

A. SECTION I – Coverages – The following coverage is added:

- 4. Coverage A-3 – Balance of Perils Coverage** – Subject to all the terms, conditions, and limitations of this policy we insure you against loss to your **“mortgageholder's interest”** resulting from physical loss or damage to **“mortgaged property”** only to **“mortgages”** you own. The physical loss of or damage to **“mortgaged property”** must occur during the policy period shown in the Declarations. However, the most we will pay is the least of the following amounts:
- a. The amount of loss to your **“mortgageholder's interest”**; or
 - b. The amount it would cost to repair or replace the damaged or destroyed **“mortgaged property”** with material of like kind, quality, and use at the place of loss or destruction and within a reasonable time after the loss or destruction; or
 - c. The limit of insurance shown in the Declarations for **“commercial mortgage”** or **“residential mortgage”** for any one mortgage under Coverage A-1 and A-3 combined.
 - d. The maximum limit of insurance available through the National Flood Insurance Program for the specific type of **“mortgaged property”**, if the loss is caused by flood as defined by the National Flood Insurance Program. However, if the **“mortgaged property”** is damaged by a flood as defined by the National Flood Insurance Program we will not pay more for the loss or damage to any one **“mortgaged property”** under Coverages A-1 and A-3 combined, than the maximum limit of insurance available through the National Flood Insurance Program for the specific type of **“mortgaged property”**.
 - e. The limit of insurance for Coverage A-3 is shown in the Declarations.

5. Exclusions Applying to Coverage A-3 – We will not pay for:

- a. Loss to your **“mortgageholder's interest”** caused by loss of or damage to **“mortgaged property”** resulting from or caused, directly or indirectly, proximately or remotely, by any of the following. Such loss or damage is not covered regardless of any **“accident”** that contributes concurrently or in any sequence to such loss or damage:
 - (1) Insects, vermin, rodents, birds, or other animals, including but not limited to damage from nesting or infestation, or discharge or release of waste products or secretions produced or released by any of these. However, if fire or explosion ensues, we will be liable only for the ensuing loss or damage directly caused by the fire or explosion.
 - (2) **Pollution** – Pollution caused by or resulting from the presence of or the release, discharge, escape, dispersal, seepage, or migration of **“pollutants”** unless the presence, release, discharge, escape, dispersal, seepage, or migration is caused by or results from fire; lightning; explosion; windstorm; hail; aircraft; vehicles; riot or civil commotion; vandalism or malicious mischief; sprinkler leakage other than sprinkler leakage caused by earth movement; falling objects; **“volcanic action”**; or weight of snow, sleet, or ice.
 - (3) Error in design, plans, or specifications, faulty or defective workmanship or materials, or latent or patent defect. However, if loss from fire, explosion, sprinkler leakage other than sprinkler leakage caused by earthquake, falling objects, weight of snow, sleet or ice or discharge of water not otherwise excluded from a plumbing, heating or air conditioning system which has cracked or broken apart ensues, we will pay for the ensuing loss. We will not pay for the cost to correct the condition which produced the ensuing loss or damage.
 - (4) **War** – War and Military Action, which includes:
 - (a) War, including undeclared or civil war;

ENDORSEMENT – BALANCE OF PERILS COVERAGE EXCLUSION CALIFORNIA EARTH MOVEMENT

- (b) Warlike action by a military force, including action in hindering or defending against an actual or expected attack by any government, sovereign, or other authority using military personnel or other agents; or
- (c) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
- (5) Nuclear reaction or radiation or radioactive contamination, however caused. However, if fire ensues we will pay only for the ensuing loss or damage directly caused by fire.
- b. We will not pay for any of the following, however caused:
 - (1) Wear and tear, deterioration, decay, rust, **“organic pathogens”**, wet or dry rot. However, if fire, explosion, or damage from water, not otherwise excluded ensues, we will pay only for the ensuing loss or damage directly caused by the fire, explosion, or water not otherwise excluded.
 - (2) Settling, cracking, shrinking, bulging, or expanding of **“mortgaged property”** but this exclusion does not apply if the loss or damage is caused by earth movement or **“volcanic eruption”**. However if fire, explosion, or breakage of glass constituting an integral part of the structure ensues, we will pay only for the ensuing direct loss or damage from the fire, explosion, or breakage of such glass.
- c. We will not pay for loss of your **“mortgageholder’s interest”** in **“mortgaged properties”** located in California resulting from loss or damage caused, directly or indirectly, proximately or remotely, by any of the following. Such loss or damage is not covered regardless of any **“accident”** contributing concurrently or in any sequence to such loss or damage:

Earth movement, other than **“sinkhole collapse”** or **“mine subsidence”**. Earth movement includes earthquake, volcanic eruption, landslide, mudflow, subsidence, and earth sinking, rising, or shifting. However, if fire, explosion, or **“volcanic action”** ensues we will be liable only for the ensuing direct loss or damage from the fire, explosion, or **“volcanic action”**.

B. SECTION IV – Policy Conditions – Condition M, Other Insurance is entirely deleted with respect to Coverage A-3 and is replaced with the following:

Other Insurance – If there is a loss that is covered under Coverage A-3, of this endorsement, and under Coverage A Mortgageholder’s Interest of the policy the coverage provided by this endorsement applies only as excess insurance to the coverage provided by Coverage A of the policy.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

ENDORSEMENT – COVERAGE A-2

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

MORTGAGEHOLDER'S PROTECTION POLICY

It is agreed that Coverage A-2 – Loss of Mortgageholder's Interest Due to Lack of Mortgage Insurance is included with the following limit and deductible:

Coverage	Limits of Insurance		Deductible	
A-2 – Loss of Mortgageholder's Interest Due to Lack of Mortgage Insurance	\$.	Per Mortgage	\$	Per Mortgage

Coverage A-2 – Loss of Mortgageholder's Interest Due to Lack of Mortgage Insurance:

a. Insuring Agreement – Coverage A-2 - Subject to the terms, conditions, and limitations of this policy, we insure you against loss to your **“mortgageholder's interest”** due to an error or omission in your customary procedures, which occur during the policy period shown in the Declarations and arising out of:

(1) Maintaining FHA insurance, private **“mortgage”** insurance, or guarantees by the Department of Veterans Affairs (VA), the Rural Housing Service (RHS), or Office of Public and the Indian Housing (PIH) on mortgaged properties; and

(2) Complying with the reporting requirements of the **“mortgage”** insurer or guarantor.

The amount we will pay is limited as shown in the Section II – Limits of Insurance however, subject to all of the other terms and conditions of this policy we will not pay more than the least of:

(1) The amount you would have received from the **“mortgage”** insurance or **“mortgage”** guaranty if there was no error or omission;

(2) The amount of loss to your **“mortgageholder's interest”**; or

(3) The applicable limit of insurance shown in the Declarations for **“commercial mortgage”** or **“residential mortgage”**.

b. Coverage Extension – Mortgages Serviced for Others – We will cover loss arising from **“mortgages”** owned by others and serviced by you under a written contract as if you had owned the **“mortgageholder's interest”** in them. We will make loss payment payable jointly to you and the **“mortgage”** owner.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

ENDORSEMENT – ARKANSAS AMENDATORY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies insurance provided under the following:

MORTGAGEHOLDER'S PROTECTION POLICY

- A. **SECTION I – COVERAGES; Coverage A – Mortgageholder's Interest; 3. Provisions**
Applicable to all Mortgageholder's Interest Coverage: the introductory paragraph and items
c. Appraisal, d. Mandatory Binding Arbitration and e. Optional Claim Resolution are
deleted and replaced with:

Introductory Paragraph

No “**claim**”, “**suit**”, demand for arbitration, or other action on this policy for the recovery of any claim shall be sustainable in any court or other forum unless all of the requirements of this policy have been complied with and unless commenced within seventy-two (72) months after the inception of the loss

c. Appraisal -If we fail to agree with you on the amount of loss, both parties may agree to an appraisal of the loss. If both parties so agree, then each party will select a competent and impartial appraiser. The two appraisers will choose an umpire. If they cannot agree upon an umpire within fifteen (15) days, either of the parties may request that the umpire be chosen by a judge of a court of record in the state where the “**mortgaged property**” is located. The appraisers will separately determine the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will constitute the amount of loss.

Each party will:

- (1) Pay its chosen appraiser; and
- (2) Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we still retain our right to dispute coverage. Further, all of the terms, conditions and limitations of the policy still apply to your loss.

d. Arbitration - In case we fail to agree with you as to the meaning or effect of any provision of this policy, the disagreement may be resolved by arbitration in accordance with the statutory rules and procedures of the state in which the “**mortgaged property**” is located. Should an arbitration under the terms of this clause result in any of the following, we will reimburse you for expenses actually incurred by you with respect to the arbitration, including reasonable attorney's fees, in a sum to be determined by the arbitrator(s):

1. a finding of coverage for claimed loss or damage for which coverage is denied by us;
2. a finding that you are entitled to a loss payment in accordance with the express terms of this policy and exclusive of costs or attorney's fees in an amount that exceeds the amount of any offer made by us in writing to settle your claim at any time up to thirty (30) days prior to the commencement of the arbitration.

e. Optional Claim Resolution - At your option, if we fail to agree with you as to the meaning or effect of any provision of this policy or as to the amount payable in accordance with the express terms of this policy, you may have both the amount of the loss and any coverage issues decided at the same time through an arbitration in lieu of an appraisal. If you elect to have your loss resolved through arbitration, you get the benefits of the Arbitration provision as explained above, including possible reimbursement of your actually incurred expenses. All of the terms, conditions, and provisions of the Arbitration provision apply to this Optional Claim Resolution provision.

B. SECTION I – COVERAGES, COVERAGE B – Foreclosed Property; the introductory paragraph and items **c. Appraisal, d. Mandatory Binding Arbitration and e. Optional Claim Resolution** are deleted and replaced with:

Introductory Paragraph

No “**claim**”, “**suit**”, demand for arbitration, or other action on this policy for the recovery of any claim shall be sustainable in any court or other forum unless all of the requirements of this policy have been complied with and unless commenced within seventy-two (72) months after the inception of the loss

c. Appraisal - If we fail to agree with you on the amount of loss, both parties may agree to an appraisal of the loss. If both parties so agree, then each party will select a competent and impartial appraiser. The two appraisers will choose an umpire. If they cannot agree upon an umpire within fifteen (15) days, either of the parties may request that the umpire be chosen by a judge of a court of record in the state where the “**mortgaged property**” is located. The appraisers will separately determine the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will constitute the amount of loss.

Each party will:

- (1) Pay its chosen appraiser; and
- (2) Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we still retain our right to dispute coverage. Further, all of the terms, conditions and limitations of the policy still apply to your loss.

d. Arbitration - In case we fail to agree with you as to the meaning or effect of any provision of this policy, the disagreement may be resolved by arbitration in accordance with the statutory rules and procedures of the state in which the “**mortgaged property**” is located. Should an arbitration under the terms of this clause result in any of the following, we will reimburse you for expenses actually incurred by you with respect to the arbitration, including reasonable attorney’s fees, in a sum to be determined by the arbitrator(s):

1. a finding of coverage for claimed loss or damage for which coverage is denied by us;
2. a finding that you are entitled to a loss payment in accordance with the express terms of this policy and exclusive of costs or attorney’s fees in an amount that exceeds the amount **of any** offer made by us in writing to settle your claim at any time up to thirty (30) days prior to the commencement of the arbitration.

e. Optional Claim Resolution - At your option, if we fail to agree with you as to the meaning or effect of any provision of this policy or as to the amount payable in accordance with the express terms of this policy, you may have both the amount of the loss and any coverage issues decided at the same time through an arbitration in lieu of an appraisal. If you elect to have your loss resolved through arbitration, you get the benefits of the Arbitration provision as explained above, including possible reimbursement of your actually incurred expenses. All of the terms, conditions, and provisions of the Arbitration provision apply to this Optional Claim Resolution provision.

All other policy terms, limitations, and conditions remain unchanged.

THIS ENDORSEMENT MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.

<i>SERFF Tracking Number:</i>	<i>PERR-125832055</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>StarNet Insurance Company</i>	<i>State Tracking Number:</i>	<i>#? \$50</i>
<i>Company Tracking Number:</i>	<i>AR-MPP-CP-FM-2008-01</i>		
<i>TOI:</i>	<i>01.0 Property</i>	<i>Sub-TOI:</i>	<i>01.0001 Commercial Property (Fire and Allied Lines)</i>
<i>Product Name:</i>	<i>Mortgageholder's Protection Policy</i>		
<i>Project Name/Number:</i>	<i>AR-MPP-CP-FM-2008-01 /AR-MPP-CP-FM-2008-01</i>		

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: PERR-125832055 State: Arkansas
Filing Company: StarNet Insurance Company State Tracking Number: #? \$50
Company Tracking Number: AR-MPP-CP-FM-2008-01
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)
Product Name: Mortgageholder's Protection Policy
Project Name/Number: AR-MPP-CP-FM-2008-01 /AR-MPP-CP-FM-2008-01

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-Property & Casualty **Review Status:** Approved 12/03/2008
Comments:
Attachments:
NAIC PCTD.pdf
NAIC FFS.pdf

Satisfied -Name: Filing Memo & Letter of Authority **Review Status:** Approved 12/03/2008
Comments:
Attachments:
StarNet MPP Filing Memo- forms.pdf
StarNet letter of authorization MPP-LPF-MTP.pdf

Property & Casualty Transmittal Document


1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
h. Subject Codes		

3. Group Name	Group NAIC #
W.R Berkley Corporation	0098

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
StarNet Insurance Company	DE	40045	223590451	

5. Company Tracking Number	AR-MPP-CP-FM-2008-01
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6. Name and address	Title	Telephone #s	FAX #	e-mail
Lance Julian 881 Alma Real Dr. St. 205 Pacific Palisades, CA 90272	State Filing Analyst	888-201-5123 X149	310.230.8529	doi@perrknight.com
7. Signature of authorized filer				
8. Please print name of authorized filer		Lance Julian		

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	01.0 Property
10. Sub-Type of Insurance (Sub-TOI)	01.0001 Commercial Property
11. State Specific Product code(s) (if applicable)[See State Specific Requirements]	N/A
12. Company Program Title (Marketing title)	Mortgageholder's Protection Policy Program
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: Upon Approval Renewal: Upon Approval
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	
17. Reference Organization # & Title	
18. Company's Date of Filing	11/30/2008
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document—

20. This filing transmittal is part of Company Tracking #	AR-MPP-CP-FM-2008-01
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21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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On behalf of StarNet Insurance Company ("The Company"), we are filing to introduce the Mortgageholder's Protection Policy Program. The Mortgageholder's Protection Policy provides coverage for mortgage owners, originators and servicers. The standard coverages are Mortgageholder's Interest, Foreclosed Property and Mortgageholder's Liability. The corresponding rates and rules are exempt per Statute 23-67-206.

We respectfully request the earliest possible effective date upon approval/acknowledgement.

22. Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
<p>Check #: 104279 Amount: \$50.00</p> <p>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</p>

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

FORM FILING SCHEDULE

(This form must be provided **ONLY** when making a filing that includes forms)
(Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #		AR-MPP-CP-FM-2008-01		
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)		N/A		
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement or Withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state

01	Mortgageholder's Protection Policy	MPP 70 00 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
02	Mortgageholder's Protection Policy - Table of Contents	MPP TC 70 00 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
03	Mortgageholder's Protection Policy Declarations	MPP DS 70 00 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
04	Endorsement - Balance of Perils Coverage	MPP 75 01 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
05	Endorsement - Government Confiscation	MPP 75 02 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
06	Endorsement - Secured Business Property	MPP 75 03 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
07	Endorsement - Real Property Held in Trust	MPP 75 04 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
08	Endorsement - Mortgage Life and Disability	MPP 75 05 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
09	Endorsement - Retroactive Mortgageholder's Liability	MPP 75 06 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
10	Endorsement - Document Custodian	MPP 75 07 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
11	Endorsement - Title Insurance Errors and Omissions	MPP 75 08 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
12	Endorsement - Security Interest Errors and Omissions	MPP 75 09 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		

FORM FILING SCHEDULE (Continued)

(This form must be provided ONLY when making a filing that includes forms)
 (Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #		AR-MPP-CP-FM-2008-01		
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)		N/A		
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement or Withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state

13	Endorsement - Federal Home Loan Mortgage Corporation (Freddie Mac)	MPP 75 10 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
14	Endorsement - Federal National Mortgage Association (Fannie Mae)	MPP 75 11 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
15	Endorsement - Government National Mortgage Association (Ginnie Mae)	MPP 75 12 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
16	Endorsement - Condominiums	MPP 75 13 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
17	Endorsement - Manufactured Houses	MPP 75 14 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
18	Endorsement - Excluding Certified Acts of Terrorism	MPP 75 15 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
19	Endorsement - Cap on Losses From Certified Acts of Terrorism	MPP 75 16 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
20	Endorsement - Balance of Perils Coverage Exclusion California Earth Movement	MPP 75 17 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
21	Endorsement - Coverage A-2	MPP 75 18 SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
22	Endorsement - Arkansas Amendatory	MPP 75 00 AR SIC 05 08	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input checked="" type="checkbox"/> Neither		
23			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
24			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		
25			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither		

StarNet Insurance Company
Mortgageholder's Protection Program
New Program Filing –Forms
Actuarial Memorandum

StarNet Insurance Company is filing to introduce its new Mortgageholder's Protection Program filed under the Fire and Allied Lines of business.

The Mortgageholder's Protection Policy provides coverage for mortgage owners, originators and servicers. The standard coverages are Mortgageholder's Interest, Foreclosed Property and Mortgageholder's Liability. See policy for complete coverage details. Please note that the rate/rule portion of this filing is being filed concurrently under a separate cover.



August 22, 2008

To Whom It May Concern:

Perr&Knight, Inc. is hereby authorized to submit rate, rule, and form filings on behalf of StarNet Insurance Company for the following lines of business:

- Mortgageholder's Protection Policy
- Lender Placed and Foreclosed Property
- Mastertrust Policy

This authorization includes providing additional information and responding to questions regarding the filings on our behalf as necessary. This authorization is deemed to be in effect until rescinded in writing.

Please direct all correspondences and inquiries related to this filing to Perr&Knight, Inc. at the following address:

State Filings Department
Perr&Knight, Inc.
881 Alma Real Drive, Suite 205
Pacific Palisades, CA 90272
Phone: (310) 230-9339 x120
Fax: (310) 230-1061

Please contact me if you have any questions regarding this authorization.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Annette Merz', with a long horizontal flourish extending to the right.

Annette Merz
Executive Vice President
Direct: (410) 337-9260 x 202
Fax: (866) 915-7879
amerz@wrberkley.com

